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PLEASE REPLY TO WEST ORANGE

June 2, 2008

Via ECF Only

Hon. Richard J. Sullivan, U.S.D.J.
 United States Courthouse
 500 Pearl Street - Room 615
 New York, NY 10007

**Re: Greenwich Insurance Co. v. United States - 07-CV-7321 (RJS)
 St. Paul Mercury Insurance Co. v. United States - 07-CV-7435 (RJS)
 Centennial Insurance Co. v. United States – 08-CV-0050 (RJS)**

Dear Judge Sullivan:

We represent Greenwich Insurance Company, the plaintiff in the first of the three above-referenced consolidated matters. In accordance with your request at the Initial Case Management Conference held on March 27, 2008, please accept this letter, on behalf of all parties, as a Status Report regarding the cases.

Each of the Plaintiffs are surety companies which issued surety bonds on behalf of NAP Construction Co., Inc. in connection with numerous contracts between NAP and the New York City Housing Authority. Each Plaintiff commenced its action to vacate a levy, since amended, filed by the Internal Revenue Service with NYCHA which are restraining payment of monies due NAP under the NYCHA contracts due to NAP's alleged failure to remit payroll taxes.

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Counsel for all parties participated in a telephonic conference last week, and the parties believe that a settlement has been reached in principle. While there are a few details still to be resolved, the general framework of the settlement would have the IRS consent to lift the levy to the extent the levy is holding up payments otherwise payable to the Plaintiffs, and Centennial would be issuing a payment to the IRS which would resolve, in large part, the IRS' claims against NAP.

We therefore request that the Court extend by 60 days all of the deadlines set forth in the March 27, 2008 Joint Case Management Plan and Scheduling Order. If acceptable to you, we will provide you with an updated status report by June 30, 2008 to advise whether a final settlement has been reached or whether we will in fact need to proceed with discovery.

Thank you for your attention to this matter. Should you have any questions, please feel free to contact me and we can arrange a conference call with counsel for all parties.

Respectfully,



JONATHAN BONDY

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